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CONFORMED COPY

GRANT NUMBER H433-GUI

Financing Agreement

(Additional Financing for Education for All Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 11, 2008

GRANT NUMBER H433-GUI

FINANCING AGREEMENT

Agreement dated November 11, 2008, entered into between the REPUBLIC OF GUINEA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to six million four hundred thousand Special Drawing Rights (SDR 6,400,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 1 and October 1 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project, through the MEF, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following:

As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Program, or a significant part thereof, can be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister at the time responsible for finance.

6.02. The Recipient's Address is:

Minister of Economy and Finance
P. O. Box 579
Conakry, Guinea

Telex:

22399 MIFIGE

Facsimile:

(224) 45 30 48
(224) 42 21 02

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

AGREED at Conakry, Guinea, as of the day and year first above written.

REPUBLIC OF GUINEA

By: */s/ Karamokoba Camara*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Siaka Bakayoko*
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in its efforts to improve the conditions for teaching and learning in its territory, through expanded access to education, enhanced quality of learning, and strengthened capacity for decentralized management of the sector.

The Project constitutes the first phase of the Program, and consists of the following part:

1. Remuneration and Incentives
 - (a) Provision of resources for the payment of salaries of primary and secondary public school personnel for the months of: (i) November 2008; and (ii) December 2008.
 - (b) Provision of financial incentives to primary and secondary public school teachers working in challenging and remote areas for the months of: (i) November 2008; and (ii) December 2008.
 - (c) Project monitoring and evaluation and management, specifically, carrying out of: (i) spot checks on the remuneration and incentive payments made under Part 1 (a) and (b) of the Project and the Recipient's primary and secondary public school personnel payrolls generally; and (ii) the audit referred to in Section II.B.3 of Schedule 2 to this Agreement.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The MEF, the MFP, and the MEPU-EC shall be jointly responsible for Project implementation.
2. The MEF shall be responsible for day-to-day Project implementation and financial and administrative management, including disbursement, under the Project. As such, the MEF shall be responsible for:
 - (i) identification of the payments to be made under Part 1 (a) and (b) of the Project;
 - (ii) issuance of wire transfer orders to the relevant central, regional, and prefectural level entities for the processing of said payments;
 - (iii) ensuring that such processing occurs no later than 8 days after the end of each month; and
 - (iv) preparation of the reports referred to in Section II of this Schedule.
3. For purposes of processing of the payments referred to in paragraph 2 above, the MFP shall maintain, throughout Project implementation, an electronic database, in form and substance satisfactory to the Association, of all primary and secondary public school personnel and transmit to the MEF, no later than the fifth day of each month, an updated list, generated by said database and in form and substance satisfactory to the Association, of all such personnel.
4. For purposes of maintenance of the database referred to in paragraph 3 above, the MEPU-EC shall transmit to the MFP, no later than two (2) weeks after such recruitment, a list, in form and substance satisfactory to the Association, of any recruitment of primary and secondary public school personnel.
5. The Recipient shall maintain, throughout Project implementation, the CN/PSE, which shall be responsible for monitoring and evaluation under the Project.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Manual

1. The Recipient shall: (i) ensure that the Project is carried out in accordance with the Program Implementation Manual; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any conflict between the provisions of the Program Implementation Manual and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

No.	Indicator
1.	Proportion of targeted primary and secondary education personnel receiving full payment no later than 8 days after the end of each month
2.	Proportion of recurrent non salary education expenditures for pre-university education (primary and secondary)

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) <i>Shopping</i>

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Selection based on Consultants' Qualifications
(b) Least Cost Selection
(c) Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for goods procured on the basis of Direct Contracting; (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$200,000 or more, and (c) each contract for consultants' services procured under Single Source Procedures. All other contracts shall be subject to Post Review from the World Bank.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Remuneration and incentive payments under Part 1 (a) (i) and (b) (i) of the Project	3,000,000	100
(2) Remuneration and incentive payments under Part 1 (a) (ii) and (b) (ii) of the Project	3,000,000	100
(3) Consultants’ services and Operating Costs under Part 1 (c) of the Project	400,000	100
TOTAL AMOUNT	6,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$500,000 equivalent may be made for payments made prior to this date but on or after November 1, 2007 for Eligible Expenditures under Category (3); or
 - (b) for payments made under Category (2), unless the Project is being implemented in a manner satisfactory to the Association and the Recipient has furnished to the Association a report, in form and substance satisfactory to the Association, on spot checks carried out by the Recipient under Part 1 (c) (i) of the Project on payments made under Category (1).
2. The Closing Date is December 31, 2009.

Section V. Other Undertakings

A. Financial Auditors

The Recipient shall, no later than one (1) month after the Effective Date, appoint, in accordance with the provisions of Section III of this Schedule as applicable, external auditors, with qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the carrying out of the audit referred to in Section II.B.3 of this Schedule.

B. Semi-Annual Reviews

The Recipient shall:

- (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators referred to in Section II.A.1 (a) of Schedule 2 to this Agreement, the carrying out of the Project and the achievement of the objective thereof;

- (b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association and the Recipient, no later than June 30 and November 30 of each year, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

- (c) review with the Association and the Recipient, no later than July 31 and December 31, respectively, or such later dates as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

C. Other

- 1. The Recipient shall, no later than the fifth day of each month throughout Project implementation, publish, in a manner satisfactory to the Association, in each primary and secondary public school, the personnel payroll for the respective school for the preceding month.

- 2. The Recipient shall furnish to the Association, no later than December 10, 2008 and December 10, 2009, a report, in form and substance satisfactory to the Association, on spot checks carried out by the Recipient under Part 1 (c) (i) of the Project on payments made under Category (2) of the table in Section IV.A.1 of this Schedule.

- 3. The Recipient shall prepare in March, June, September and December 2009, a report, in form and substance satisfactory to the Association, on the spot checks carried out by the Recipient in the preceding quarter on its primary and secondary public school personnel payrolls for such quarter under Part 1 (c) (i) of the Project, and each such report shall be furnished to the Association no later than ten (10) days after the end of the quarter covered by such report.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CN/PSE” means *Coordination Nationale du Programme Sectoriel de l’Education*, the program implementation unit established under MEPU-EC for the implementation of the Recipient’s Program.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
6. “MEF” means the *Ministère de l’Economie et des Finances*, the Recipient’s Ministry of Economy and Finance.
7. “MEPU-EC” means *Ministère de l’Enseignement Pré-Universitaire et de l’Education Civique*, the Recipient’s Ministry of Basic Education and Civic Training.
8. “MFP” means the *Ministère de la Fonction Publique*, the Recipient’s Ministry of Civil Service.
9. “Operating Costs” means incremental recurrent expenditures incurred by the CN/PSE on account of the Project implementation including office supplies, rent and fuel of vehicles, office rent, and travel for Project supervision.
10. “Original Financing Agreement” means the development credit agreement for an Education for All Project between the Recipient and the Association, dated August 8, 2001 (Credit No. 3552).

11. “Original Project” means the Project described in the Original Financing Agreement.
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 25, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. “Program” means the program designed to strengthen the Recipient’s education sector and set forth or referred to in the letters dated June 2001 from the Recipient to the Association and in the Recipient’s Sector Policy Letter dated October 2007.
15. “Program Implementation Manual” means the Recipient’s manual, dated April 2001, agreed with the Association and outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of Program implementation, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any schedules to said Manual.

Section II. Amendment to Original Financing Agreement

The Original Financing Agreement is amended as set forth below.

1. Section 2.03 is amended to read as follows:

“Section 2.03. The Closing Date shall be December 31, 2009 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”
2. Paragraph 1 of Schedule 2 is replaced in its entirety by the following:

“The objective of the Project is to assist the Recipient in its efforts to improve the conditions for teaching and learning in its territory, through expanded access to education, enhanced quality of learning, and strengthened capacity for decentralized management of the sector.”

3. Schedule 5 is replaced in its entirety by the following:
- Grade 4 standardized scores for French shall increase from 38% in the school year 2000/01 to 42% in 2009;
 - Proportion of children in grade 4 who can read at least 50 out of 100 as assessed by student testing deemed acceptable on international standards for student achievement test increased to 50% in 2009;
 - Number of prefectures which prepare and implement decentralized development plan for education shall increase to 10 in 2009;
 - Primary education completion rate shall increase from 36% in 2002/03 to 63% in 2009;
 - The initial enrollment rate for Grade one shall increase from 60% in 2000/01 to 83% in 2009;
 - Girl's primary gross enrollment shall increase from 51% in 2000/01 to 72% in 2009;
 - A textbook ratio of 3 per primary school student and 3 per lower secondary school student shall be reached in 2009;
 - The average class size in primary schools shall be stabilized at 50;
 - The proportion of the government recurrent budget allocated to the education recurrent budget shall reach 17% in 2009;
 - The proportion of the education recurrent budget allocated to primary education shall increase from 44% in 2000 to 48% in 2009; and
 - The proportion of education recurrent budget allocated to secondary education shall reach 20%; to TVET 4%, and to higher education 28% in 2009.